

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 L-03 NSC-10 CIAE-00 INR-10 NSAE-00

PA-04 RSC-01 USIA-15 PRS-01 SPC-03 COME-00 EB-11

LAB-06 SIL-01 INT-08 DRC-01 /095 W

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4337

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E.O. 11652: N/A

TAGS: ELAB, AR

SUBJECT: LABOR-MANAGEMENT RELATIONS: US FIRM ST. JOSEPH LEAD

REF: A. BA 8116, B. BA 8148

1. LABOR CONFLICT AT AGUILAR MINE, SUBSIDIARY OF ST JOSEPH LEAD OF NEW YORK, STILL UNRESOLVED AND PROSPECTS FOR IMMEDIATE RESOLUTION UNCERTAIN. WORKERS ARE WORKING THE MINE IN ABSENCE OF MANAGEMENT AND TECHNICAL PERSONNEL, WHO FLED FOLLOWING NOV 6 SHOOT-OUT BETWEEN MINE SECURITY POLICE AND RIOTING WORKERS, WHICH RESULTED IN DEATH OF ONE WORKER AND WOUNDING OF SEVERAL OTHERS. JUJUY PROVINCIAL GOVERNMENT HAS REQUESTED TECHNICIANS AND MANAGEMENT TO RETURN ON BASIS DECISION HAS BEEN TAKEN TO SUBMIT DISPUTE TO COMPULSORY ARBITRATION AND ASSURANCES OF FULL PERSONAL GUARANTEES FOR THEIR SAFETY. COMPANY OFFICIALS ARE IN DISCUSSION WITH GOA AUTHORITIES RESISTING WHAT THEY SEE AS AN IMPROPER AND ILLEGAL EFFORT TO FORCE COMPULSORY ARBITRATION.

2. MINERS CARRIED THEIR APPEAL TO PUBLIC IN NOV 15 PRESS. THEY DEFENDED THEIR ACTIONS AS PROTEST TO RECENT UNILATERAL COMPANY CHANGES IN WORKING CONDITIONS, ALLEGEDLY CONTRARY TO COLLECTIVE BARGAINING AGREEMENTS, AND LONG-TERM IRRITANTS INVOLVING DEFICIENCIES IN HOUSING AND MEDICAL SERVICES. REPORTEDLY, THE UNION SEEKS GOVERNMENT INTERVENTION OF THE MINE AND COMPLIANCE

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WITH A COMPANY/UNION AGREEMENT, MADE FOLLOWING THE RIOTING AND

PRIOR TO THE DEPARTURE OF MANAGEMENT PERSONNEL, WHICH RESTORED EARLIER WORKING CONDITIONS AND GRANTED A 70 PERCENT WAGE INCREASE. MANAGEMENT HAS DENOUNCED THE AGREEMENT AS HAVING BEEN OBTAINED UNDER DURESS.

3. COMMENT. THE UNDERLYING CAUSES OF THE BREAKDOWN IN LABOR-MANAGEMENT RELATIONS ARE STILL UNCLEAR. COMPANY ALLEGES THAT LABOR MINISTER OF JUJUY PROVINCE, WHO WAS PREVIOUSLY LABOR UNION LEADER AT MINE, IN LARGE PART RESPONSIBLE FOR PROBLEMS. THIS DOES NOT EXPLAIN THE DESTRUCTIVE VIOLENCE OF THE WORKERS ON NOV 6.

4. EMBASSY WILL REPORT AGAIN NEXT WEEK ON DEVELOPMENTS. ST JOSEPH LEAD HAD SUFFERED ONLY MINOR LABOR PROBLEMS DURING ITS PREVIOUS TWENTY-FOUR YEARS OF EXISTENCE. MOST AMERICAN FIRMS IN ARGENTINA ENJOY EXCELLENT LABOR RELATIONS, AND THE ST JOSEPH LEAD SITUATION IS UNFORTUNATE PUBLICITY FOR THE OVERALL RECORD. EMBASSY INTENDS TO FOLLOW THIS DISPUTE CLOSELY AND INCLUDE KNOWLEDGE GLEANED FROM SITUATION IN PLANNED STUDY OF AMERICAN FIRMS' LABOR RELATIONS IN ARGENTINA.

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